



Quality is Our Bottom Line

**Insurance Committee Public Hearing
February 11, 2010**

Connecticut Association of Health Plans

Testimony regarding

HB 5009 AAC Wellness Programs and Expansion of Health Insurance Coverage.

SB 51 AAC Machine Readable Medical Benefits Identification Cards.

HB 5013 AA Establishing a Catastrophic Medical Expenses Pool.

The Connecticut Association of Health Plans respectfully urges the Committee's rejection of the HB 5009, SB 51, and HB 5013. While every mandate under consideration by the legislature is laudable in its intent, each must be considered in the context of the larger debate on access and affordability of health care. Both the General Assembly and the Administration have pledged this year to address the needs of the approximately 400,000 Connecticut residents who lack health insurance coverage. As we all know, the reasons people go without insurance are wide and varied, but most certainly cost is a major component. As you discuss the proposals inclusive in HB 5009 and SB 51 and HB 5013, please consider the following:

- Connecticut has **49 mandates, which is the 5th highest** behind Maryland (58), Virginia (53), California (51) and Texas (50). The average number of mandates per state is 34. (OLR Report 2004-R-0277 based on info provided by the Blue Cross/Blue Shield Assoc.)
- For all mandates listed, the total cost impact reported reflects a range of **6.1% minimum to 46.3% maximum.** (OLR Report 2004-R-0277 based on info provided by the Dept. of Insurance)
- State mandated benefits are not applicable to all employers. Large employers that self-insure their employee benefit plans are not subject to mandates. **Small employers bear the brunt of the costs.** (OLR Report 2004-R-0277)
- The National Center for Policy Analysis (NCPA) estimates that **25% of the uninsured are priced out of the market by state mandates.** A study commissioned by the Health Insurance Assoc. of America (HIAA) and released in January 1999, reported that "...a fifth to a quarter of the uninsured have no coverage because of state mandates, and federal mandates are likely to have larger effects. (OLR Report 2004-R-0277)
- **Mandates increased 25-fold over the period, 1970-1996, an average annual growth rate of more than 15%.** The Health Insurance Portability & Accountability Act (HIPAA) alone will add billions of dollars in new compliance costs to the healthcare system. (PriceWaterhouseCoopers: The Factors Fueling rising Healthcare Costs- April 2002)

- National statistics suggest that **for every 1% increase in premiums, 300,000 people become uninsured.** (Lewin Group Letter: 1999)
- “According to a survey released in 2002 by the Kaiser Family Foundation (KFF) and Health Research and Educational Trust (HRET), employers faced an average **12.7% increase in health insurance premiums** that year. A survey conducted by Hewitt Associates shows that employers encountered an **additional 13% to 15% increase in 2003.** For 2004, the outlook is for more double-digit increases. **If premiums continue to escalate at their current rate, employers will pare down the benefits offered, shift a greater share of the cost to their employees, or be forced to stop providing coverage.**” (OLR Report 2004-R-0277)

With respect to SB 51 AAC Machine Readable Cards, we would respectfully suggest that the Committee await the outcome of the various E-Health initiatives that are currently engaged in analyzing initiatives that bring technology to bear in the administration of not only health benefits and coverage, but medical records and electronic exchanges in general. The mandate before you would be expensive for both insurers and providers and while an investment in electronic infrastructure may be warranted at some point in the future, it should be done in a comprehensive manner that assures the interoperability of objectives, systems and functions.

Similarly, we caution against the measures contained in HB 5013 AA Establishing a Catastrophic Medical Expenses Pool. Efforts to reform health care must tackle the thorny issue of medical mandates in a comprehensive and meaningful way. Rather than focusing on a separate assessment to fund a limited number of treatments, procedures and/or services we would respectfully submit that taxpayer and premium payer dollars are better spent in addressing the broader issues of access and affordability.

Thank you for your consideration.